On the Developing Modes of Creative Industrial Areas:  
Comparison on Xintiandi, Tianzifang, 8 Haoqiao and Zhizaoju

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Abstract

Shanghai is engaged in a great urban redevelopment in the past three decades. There are three main modes of urban renaissance in the inner city area: demolition, renewal and preservation. After the demolition-based mode prevailed in 1990s, Xintiandi, Tianzifang and Zhizaoju signify the modes of renewal and preservation and combine historical conservation with urban development. But there are still several different points among these projects. While Xintiandi presents a case for good cooperation between local power and global capital, Tianzifang provides a model in which ordinary residents were mobilized to participate in the process of urban renewal. 8 Haoqiao and Zhizaoju signifies the mode of creative industry park led by state-owned enterprises through “three keeps” measures comparing with the market-operating mode of Xintiandi and Tianzifang. The paper discusses mainly the features and differences among Xintiandi, Tianzifang, 8 Haoqiao, and Zhizaoju and is helpful for better understanding on Shanghai’s urban redevelopment in the past twenty years.

Ever since the beginning of the 21st century, a new industry has been rising, which has tremendous influence upon the traditional three industries and it is called Creative Industry (創意產業). In Shanghai, creative industry is growing, and it has formed a few inner-city areas which gathered a number of creative companies and talents. Among them, Xintiandi, Tianzifang, 8 Haoqiao, Zhizaoju are quite successful cases in creative industry development. This paper discusses and analyzes different modes of creative industry park development by comparing these 4 cases.

Xintiandi Mode

With an area of 52 hectares which is only 5.9% of the whole, Xintiandi is the core part of
Taipingqiao old neighborhood renewal project. The building style of this area is mainly “SHIKUMEN” (石庫門), which is identified as the 2nd class of old lanes. The development of Xintiandi was complicated by several factors. This particular area is recognized as the founding place of the Chinese Communist Party, making it politically sensitive. From the perspective of the developer, the return on investment was hard to justify - with resettlement compensation as high as 20,000 RMB/M2, but sale price as low as 6,000 RMB/M2 back in 1999. In addition, Xintiandi was home to approximately 70,000 residents, scattered in 23 residential neighborhoods. It also had more than 800 companies and organizations, which generated some 10 million RMB in tax revenue each year. Given these complications, Shui On Group, the real estate developer, had no choice but to follow the strategy of “demolition, renewal and preservation” that carefully combined urban renewal with preservation.

The redevelopment plan was focused on preservation-based renewal, which means to preserve the “shells” of the buildings to maintain the appearances, and hollow out the “hearts” of the buildings to transfer the function from mainly residential usage to a mixed usage of commercial and entertainment. During the renewal process, up to 140,000 pieces of bricks which were collected from the old buildings, became the essence of creating a bright new “old and original” area. As experts’ advises on signal meanings of new and old bricks, the leader of Shui On Group decided to mark every old brick with an English letter. Though it was hardly understood by most of the building workers, the project designer Benjamin Wood showed his idea that the whole SHIKUMEN area will get lost in history if it looks just like a museum after renewal, what he is trying to do is to create a new page of history, changing SHIKUMEN from a private residential area to a shared public space, so that more people could feel yesterday’s SHIKUMEN, join in today’s SHIKUMEN, and see the future of SHIKUMEN. This idea is later revised to be the slogan of Xintiandi, “Yesterday and tomorrow meet at today.”

The total investment in Xintiandi is about 1.4 billion (RMB). According to the rule, “rent only no sale,” it is predicted to be difficult to get the investment back, however the influence created by Xintiandi has dramatically encouraged an ascending rental price of the apartments around. For example, tax paid by the companies in “Qiye Tiandi” (Corporate World), the office buildings next to TAIPING lake has almost reached 2 billion (RMB) every year. In this way, 52 hectares’ project, under a multi-small-project-combined development mode, finally becomes a winning mode, so all parts are benefited.

There are three key elements in the success of Xintiandi Mode:

First, the area next to Xintiandi is the “Birthplace of Chinese Communist party”, which is a national heritage unit and is protected nationally. This made Xintiandi follow the plan of
“Preservation-based development.

Second, after thorough consideration, the developer found that when the two Chinese characters of “大” and “大” in the phrase “Birthplace of Chinese Communist party” are combined, there comes a new Chinese character “天” (Tian, means heaven), and this becomes the origin of the name Xintiandi (新天地), literally meaning “new heaven and land.” Catching the significant cultural characters of the area, Xintiandi has endowed itself with irreplaceability, achieving enormous impact in a very short time.

Third, the area in the north of Xintiandi is Middle Huaihai Road Shopping and Business Center. The unique charm of Xintiandi soon grabs the attention of white collars, making it a popular place for relaxation and parties. All in all, Xintiandi turns out to be a new landmark, combines gracefulness, popularity, elegance, commerce with fortune in one.

Xintiandi reflects an unique beauty of Shanghai, which has very local SHIKUMEN buildings, modern villas with both Chinese and Western styles and contemporary fashionable architecture designs. It brings us such a phenomenon, “Foreigners consider it very Chinese, Chinese consider it very Western, young people consider it fashionable, while old people consider it very nostalgic.” Xintiandi has met the different tastes of people inside and outside China, male and female, young and old.

Tianzifang Mode

The development of Tianzifang started in the middle and late of the 1990s. The scale and influence it has achieved today actually proves the saying, “Many things grow in the garden were never sown there.” The redevelopment of Xinxinli (across the street of Tianzifang) and Tianzifang owned their origin to the Sunlight and Moonlight Project,” which was planned to demolish all the old houses, clear the land, and build up key business buildings in DAPUQIAO area. Because it was hard to replace all the residents away, and there were problems with fund flow, an alternative plan was undertaken, which is to displace people in Xinxinli first and postpone the demolition of Tianzifang until the second phase of the project.

Tianzifang is a stereotype mixed area with both factories and residences, in the east of this area gathered a number of factories. After 1993, under the transformation of the second industry to the tertiary industry, vacant factories were used as places for creative cultural industries. A number of well-known artists in and outside China, such as Chen Yifei and Er Dongqing set up their own studios in Tianzifang. After this change, there appears a rising demand for food, relaxation and entertainment, which creates opportunities for another group of business people, who later rent the Shikumen houses from the residents in Tianzifang, running business to meet the needs of growing creative cultural industry.
When Tianzifang becomes famous, it starts to attract the attention of tourism. Related businesses grow rapidly, and extend to a wider area from dozens of stores at the very beginning to hundreds of stores today. The specialty of Tianzifang is: promoting art with building (the special SHIKUMEN buildings and old factories), promoting tourism with art, promoting business with tourism, finally gathering money from business. Gathering money here is different from other business centers, the main beneficiaries are business owners and residents who rent out their rooms, while the tax charged by the government is pretty low.

Tianzifang, in the models for Shanghai old neighborhood redevelopment of “Demolition, Renewal and Preservation,” is a model case in a preservation-oriented project, due to the fact that the existence of Tianzifang is a living picture of Shanghai SHIKUMEN life, in which, we are not only able to see the charm of SHIKUMEN, but may have a glimpse of Shanghai local and traditional lifestyle as well. Compared Tianzifang with Xintiandi, there are mainly five differences.

1. **Different initiatives.** Xintiandi has an overall plan and small specific plans, strictly following the original arrangement to conduct form design and industry design. Since Tianzifang has no plan, at least from the appearance, the development seems to be “simply follow with your distinctions” with unorganized growth. However, if we review carefully, we may discover that the rise of Tianzifang is closely depend on the invisible hand of Market Value Regulations. The industries and allocation of resources within Tianzifang are all decided by “need and supply.” The local government just provide necessary public products and services, that’s why, we can put it in this way: we may call Xintiandi a shining flower cultivated by human beings with tons of efforts, while Tianzifang is a wild flower with charming fragrance, different in shape, different in attractiveness, different in uniqueness.

2. **Different in Ecology.** Cultural ecology of Xintiandi is a multi-elements structure, which has cultural memories of yesterday’s Shanghai, cultural symbol of today’s new Shanghai, cultural aftertaste of tomorrow’s Shanghai, and keep involving the notion carried by world’s first-class brands. Tianzifang is a living picture of Shanghai in history; it is just like an updated modern version of the famous traditional Chinese picture “ALONG THE RIVER DURING CHING MING FESTIVAL (清明上河图),” in which we could find elegant life and lane life, and learn to appreciate both at the same time.

3. **Different in directions.** Luxurious settings and high-class goods in Xintiandi have made it a shopping place for fashion, where people could feel what is defined as Modern and Luxury. Meanwhile, because of the variety of cultural tags, different groups of people may find different memories and get what they want. However, Tianzifang is not the same. When people are relaxing or shopping there, for Shanghai locals, here is a sense of nostalgia carried
by everyone, feeling as if they are walking back to their childhood. As for foreigners, it is more like a hunting visit into the real life of the Oriental. Therefore, we’d say that Tianzifang provides a space with spiritual enjoyment rather than a place for material shopping; it is a deep sip of lane culture and life, which is also a chance to review the past, and feel the great changes over years.

4. Difference in Nature. Xintiandi is a government authorized business project, the length of which is 50 years. At least in these 50 years, the developer may change various kinds of business structures through business methods, and the developer has the rights to make decisions. Tianzifang is not a comprehensive business project, which is always in an unstable status. Rents of factories and resident’s rooms may vary; meanwhile, due to the fact that Tianzifang is in “changing residential housing to non residential use” plan, the safety of all the over-aged SHIKUMEN building is an uncertain status, which limits the long term development of Tianzifang.

5. Different Mechanism. Xintiandi project, ever since it started, has been run by companies affiliated to the developer, so the running method is a regulative operation based on modern corporate system. Tianzifang, which is not a real all-in-one project, has no company running it as a whole. All businesses are run on their own. Lacking of industry regulations, self-regulations and industry standard restrict Tianzifang in future development.

However, Tianzifang and Xintiandi have several mutual characters. The first one is “surrounding impact.” Xintiandi and Tianzifang have encouraged the rise of real estate price of its surrounding areas. As a result, residents in those areas benefited a lot. The second character is their irreplaceablity. Many other developers try to copy Tianzifang and Xintiandi, but all failed because of different conditions in timing, place, people and etc. In other words, while developing creative cultural industry, meeting its own cultural characters is a must, otherwise it will either turns out to be “get only half of what you pay for” or “achieve nothing at all.”

8 Haoqiao and Zhizaoju Mode

These two areas take unique type of “preservation-oriented development” methods for industrial factories, which focused on “maintaining.” So far, over 90% of these renewal areas are occupied by creative enterprises. The mode of these two areas contains “three keeps” and “five changes.”

“Three Keeps”

1. Keep the nature of the land. 8 Haoqiao and Zhizaoju are originally land for factories
usage. With the support of the local government’s creative industry policies, these old industrial buildings were renovated and reused, but they are still industrial lands.

2. **Keep the property relationship.** Industrial buildings are regulated to be “rent only no sale,” which keep their original property ownership. The renters may renovate to rent out, and they may get profits from it.

3. **Keep the original structure of the buildings.** Renters may not change the structure of the building during the process of renovation for two reasons. The first is to remain low rent, which benefits the development of creative industry. The second one is to leave the memories and footprints of history and the development of manufacture industries in downtown Shanghai.

“Five Changes”

1. **Change the industrial structure.** The main industry used to be manufactures involved with environment pollutions. Now it is pollution-free creative cultural industry.

2. **Change the employment structure.** Most employees for manufactures are streamline workers or managers with relatively stable jobs. In creative industry, most participants are either small business owners or “white collars,” who have a certain level of knowledge and a higher mobility.

3. **Change the enterprises’ forms.** Old form of factory mainly contains “machine, pliers, and plane,” while creative cultural industry’s key instruments are “pen, paper, and computer.”

4. **Change the way of management.** Management of manufactures is factory-oriented within only one corporate. Way of management for creative cultural park is to set up a managing committee, and enterprises follow the rule of self-operating, self-serving, and self-developing.

5. **Change the corporate culture.** The body of the companies used to be single-formed, thus its culture is sole. However, business owners in the creative cultural industry all have different education backgrounds and different business interests, which lead to a multiple culture.

Though the developing modes of Xintiandi, Tianzifang, 8 Haoqiao, and Zhizaoju all vary, they still share one thing in common. That is they have all enhanced the business in their surrounding areas and become popular tourism destinations. With their own cultural characteristics emphasized and make everything into a virtuous circle, at least there formed a combined business mode of “business, tourism and culture.”

There are three unique aspects of these modes: 1. Eye-catching point, which is irreplaceable cultural symbols, quite unforgettable to visitors. 2. Tourist attraction, which is a business space with great diversities, providing different visitors with different tourist
attraction. 3. Selling point, which means a comprehensive industry setting, with all different brands, enough to meet the needs of different levels and different structures of consumption.

The meaning behind the comparison of all creative industry parks above is that developing creative industry should closely work with its resources and simple copy of other modes will surely lead to failures.

**Necessary conditions for creative industry development**

1. **Condition of the Space**

The spatial forms shall be upgraded with an input of novel ideas of the new generation. The primary conditions for creative industry development are to use remaining resources of the original manufactures, upgrade the inside and change the outside.

2. **Condition of Industry Layout: From point to line till whole coverage**

The spatial arrangement for creative industry should be laid out in an appropriate and comprehensive way, and follow a rule which could be summarized as “from point to line till whole coverage”. This will result in a cluster of specific industries, bringing tremendous impacts and reduced costs of business and services.

3. **Condition of Environment and Surroundings: Good for business, easy for life**

The external eco condition for creative industry shall be achieved by building parks, streets, communities, and school communicative unions, which will not only encourage the development of the industry, but also creates convenient living conditions for employees as well.

4. **Condition of Service and Management: opportunities for creative industry to survive and develop**

Building a good service stage is a prerequisite for expanding creative industry, while perfecting the service system provides a guarantee for the survival and development of companies. Services include both public services provided by the local government and supporting service from the society.

5. **Condition of the Government’s Support: Encouraging innovation, supporting new business**

1) Support for carrier. Government should provide newly renovated parks who took advantage of the remaining resources with start-up capitals as well as tax incentives for a certain number of years.

2) Support for brand. Government should award the parks which has successfully invited big-name companies (depending on their rankings) or local (and even national) famous brand names. Subsidies should be provided to parks which have attracted key creative enterprises or organizations to move in.
3) Support for start-ups. A certain number of offices in the park shall be reserved as business incubators to college students or young people in the society, so that, young people may also enjoy the same government supporting policies for business incubation and start-ups.

4) Support for exhibitions. Government should encourage and provide opportunities for those companies and parks to attend local (or regional, national, international) creative cultural industry exhibitions. Supports may be given in various forms according to the influence of a specific activity.

5) Support for team. Every year there should be a ranking for all creative industry parks, according to which the parks will be awarded respectively.

6) Supplementary Support. The government should provide financial support from its development fund for the tertiary industry to key projects as well as public services. This will help to improve and perfect the environment of overall development. Policies such as allowing kids to study in public schools, getting Shanghai ID cards (HUKOU) and so on should be made to recognize those who have contributed to the development of creative industry in Shanghai.

6. Condition of Historical and Cultural resources: inheriting the history and demonstrating the beauty of culture

The difference between creative industry and traditional manufactures is that the former high relies on the historical and cultural resources in the area. The richer the resources, the more stories could be drawn on to attract talents, innovations and industries.

7. Condition of Transportation: convenient public transportation and parking facilities

Under no conditions should convenient public transportation not be a must-have in the development of creative industry parks. So are convenient parking facilities.